



STATE OF ALASKA
DEPARTMENT OF
COMMERCE
COMMUNITY AND
ECONOMIC DEVELOPMENT

Mike Dunleavy, Governor
Julie Anderson, Commissioner
Robert M. Pickett, Chairman

Regulatory Commission of Alaska

October 25, 2021

In reply refer to: Tariff Section
Files: TA389-121, TA511-8
LO#: L2100357

Arthur Miller
Executive Vice President, Regulatory and External Affairs
Chugach Electric Association, Inc.
P.O. Box 196300
Anchorage, AK 99519-6300

Dear Mr. Miller:

Chugach Electric Association, Inc. (Chugach) filed TA389-121 and TA511-8 on September 17, 2021, requesting approval of a Gas Sale and Purchase Agreement between Chugach and Furie Operating Alaska, LLC (Furie GSA). Chugach also requested approval to recover the costs associated with the Furie GSA through its Cost of Power Adjustment (COPA) surcharge, and a waiver of 3 AAC 52.470(e)(2) and (3).

The Regulatory Commission of Alaska (Commission) approves the Furie GSA, Tariff Sheet No. 66, filed September 17, 2021, by Chugach with TA389-121, and Tariff Sheet Nos. 94, and 95, and 95.5, filed September 17, 2021, by Chugach with TA511-8. The effective date of the Furie GSA and tariff sheets is November 1, 2021. The Commission grants Chugach's request to waive 3 AAC 52.470(e)(2) and (3). In deciding to approve the Furie GSA the Commission considered the elements set out in AS 42.05.141(d).

Enclosed are validated copies of the Furie GSA and the approved tariff sheets. Please note that the effective date has been added to the bottom right corner of each page of the Furie GSA. In addition, a reference to TA389-121 and TA511-8 has been added to the bottom left corner of each page of the Furie GSA.

BY DIRECTION OF THE COMMISSION

Sincerely,

REGULATORY COMMISSION OF ALASKA

Robert M. Pickett
Chairman

RCA NO.: 1215th RevisionSheet No. 66

Canceling

4th RevisionSheet No. 66

Chugach Electric Association, Inc.

RECEIVED**SEP 17 2021**STATE OF ALASKA
REGULATORY COMMISSION OF ALASKA**COST OF POWER ADJUSTMENT FACTORS AT G&T POST ACQUISITION**

e.1. Fuel Adjustment Factor: Predicted Costs for the quarter beginning July 1, 2021

	Total	Retail	Seward
Natural Gas Fuel Expense by Contract			
AIX Energy, LLC (4/2016-3/2024)	\$0	\$0	\$0
BRU	\$4,493,214	\$4,355,505	\$137,709
Cook Inlet Energy (2014-3/2023)	\$0	\$0	\$0
Furie (11/2021-3/2023)	\$0	\$0	\$0 D, N
Hilcorp Alaska, LLC - Firm (1/2015-3/2028)	\$13,386,143	\$12,975,882	\$410,261
Hilcorp Alaska, LLC - Non-Firm (2/2021-8/2021)	\$0	\$0	\$0
Other Fuel Expenses			
Emergency Generator and Other Misc. Fuel	\$0	\$0	\$0
CINGSA - FSS, ISS and Fees	\$1,282,062	\$1,242,769	\$39,293
CINGSA - Gas Withdrawn	\$0	\$0	\$0
Gas Transportation and Compression	\$2,079,027	\$2,015,308	\$63,718
	\$21,240,445	\$20,589,465	\$650,981
Less Credits			
Economy Sales: Fuel and Margins	(\$519,725)	(\$503,796)	(\$15,929)
Wheeling Revenue	(\$246,308)	(\$238,759)	(\$7,549)
AWWU Water Sales	(\$105,000)	(\$101,782)	(\$3,218)
Pooling Agreement - MEA	(\$138,000)	(\$133,771)	(\$4,229)
Gas Exchange Revenue	\$0	\$0	\$0
Subtotal	(\$1,009,032)	(\$978,107)	(\$30,925)
Net Fuel Expense	\$20,231,413	\$19,611,357	\$620,056
Generation & Purchases (MWh)	491,697.9	476,868.0	14,829.8
Cost per MWh at Generation	\$41.15	\$41.13	\$41.81
Projected Balances as of June 30, 2021	\$369,370	\$369,370	\$0
Fuel Expense to be Recovered at G&T	\$20,600,783	\$19,980,727	\$620,056
Predicted Sales at G&T (MWh)	480,948.3	466,442.7	14,505.6
Fuel Adjustment Factor per kWh at G&T	\$0.04283	\$0.04284	----*

*Not calculated. Seward is billed for actual cost of power on a monthly basis.

Tariff Advice No: 389-121

Issued by:

Effective: November 1, 2021

Chugach Electric Association, Inc
P.O. Box 196300 Anchorage, Alaska 99519-6300

RCA NO.: 8167thSheet No. 94

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166thSheet No. 94**RECEIVED****SEP 17 2021**STATE OF ALASKA
REGULATORY COMMISSION OF ALASKA

Chugach Electric Association, Inc.

COST OF POWER ADJUSTMENT FACTORS AT G&T POST ACQUISITION

e.1. Fuel Adjustment Factor: Predicted Costs for the quarter beginning July 1, 2021

	Total	Retail	Seward	
Natural Gas Fuel Expense by Contract				
AIX Energy, LLC (4/2016-3/2024)	\$0	\$0	\$0	
BRU	\$4,493,214	\$4,355,505	\$137,709	
Cook Inlet Energy (2014-3/2023)	\$0	\$0	\$0	
Furie (11/2021-3/2023)	\$0	\$0	\$0	D, N
Hilcorp Alaska, LLC - Firm (1/2015-3/2028)	\$13,386,143	\$12,975,882	\$410,261	
Hilcorp Alaska, LLC - Non-Firm (2/2021-8/2021)	\$0	\$0	\$0	
Other Fuel Expenses				
Emergency Generator and Other Misc. Fuel	\$0	\$0	\$0	
CINGSA - FSS, ISS and Fees	\$1,282,062	\$1,242,769	\$39,293	
CINGSA - Gas Withdrawn	\$0	\$0	\$0	
Gas Transportation and Compression	\$2,079,027	\$2,015,308	\$63,718	
	\$21,240,445	\$20,589,465	\$650,981	
Less Credits				
Economy Sales: Fuel and Margins	(\$519,725)	(\$503,796)	(\$15,929)	
Wheeling Revenue	(\$246,308)	(\$238,759)	(\$7,549)	
AWWU Water Sales	(\$105,000)	(\$101,782)	(\$3,218)	
Pooling Agreement - MEA	(\$138,000)	(\$133,771)	(\$4,229)	
Gas Exchange Revenue	\$0	\$0	\$0	
Subtotal	(\$1,009,032)	(\$978,107)	(\$30,925)	
Net Fuel Expense	\$20,231,413	\$19,611,357	\$620,056	
Generation & Purchases (MWh)	491,697.9	476,868.0	14,829.8	
Cost per MWh at Generation	\$41.15	\$41.13	\$41.81	
Projected Balances as of June 30, 2021	\$369,370	\$369,370	\$0	
Fuel Expense to be Recovered at G&T	\$20,600,783	\$19,980,727	\$620,056	
Predicted Sales at G&T (MWh)	480,948.3	466,442.7	14,505.6	
Fuel Adjustment Factor per kWh at G&T	\$0.04283	\$0.04284	----*	

*Not calculated. Seward is billed for actual cost of power on a monthly basis.

Tariff Advice No: 511-8

Issued by:

Effective: November 1, 2021

Chugach Electric Association, Inc
P.O. Box 196300 Anchorage, Alaska 99519-6300

RCA NO.: 8 165th Revision Sheet No. 95



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164th Revision Sheet No. 95

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REGULATORY COMMISSION OF ALASKA

Chugach Electric Association, Inc.

COST OF POWER ADJUSTMENT FACTORS POST ACQUISITION

f. 1. Actual fuel costs for the quarter ending March 31, 2021

Description	Total	Retail	Seward
Fuel Adjustment Factor Balance as of December 31, 2020	(\$849,664)	(\$849,664)	\$0
Fuel Expense for Quarter Ending March 31, 2021			
BRU	\$3,771,984	\$3,665,162	\$106,821
AIX Energy, LLC (4/2016-3/2024)	\$0	\$0	\$0
Hilcorp Alaska, LLC - Firm (1/2015-3/2028)	\$11,411,385	\$11,087,556	\$323,830
Hilcorp Alaska, LLC - Non-Firm (2/2021-8/2021)	\$735,548	\$714,483	\$21,065
Cook Inlet Energy (2014-3/2023)	\$0	\$0	\$0
Furie (11/2021 - 3/2023)	\$737,863	\$716,536	\$21,327 D, N
Emergency Generator and Diesel Fuel	\$855	\$832	\$23
CINGSA - FSS, ISS and Fees	\$818,251	\$794,779	\$23,472
CINGSA - Gas Withdrawn	\$4,329,283	\$4,207,658	\$121,625
Gas Transportation and Compression	\$1,689,280	\$1,641,387	\$47,893
Adjustment	\$0	\$0	\$0
Total Fuel and Transportation Expense	\$23,494,449	\$22,828,392	\$666,057
Less Credits			
Economy Sales: Fuel and Margins	(\$1,196,867)	(\$1,162,767)	(\$34,100)
AWWU Water Sales Revenue	(\$239,774)	(\$232,982)	(\$6,792)
Gas Exchange Revenue	\$103,493	\$100,429	\$3,064
Pooling Agreement - MEA	\$0	\$0	\$0
Wheeling Revenue	(\$420,346)	(\$408,409)	(\$11,937)
Subtotal	(\$1,753,494)	(\$1,703,729)	(\$49,765)
Net Fuel Expense	\$21,740,955	\$21,124,663	\$616,291
Generation & Purchases (MWh)	556,193	540,857	15,336
Cost per MWh at Generation	\$39.09	\$39.06	\$40.19
Total Fuel Cost Recovery	\$20,979,096	\$20,362,805	\$616,291
Quarter Balance	\$761,859	\$761,859	\$0

Tariff Advice No: 511-8

Issued by:

Effective: November 1, 2021

Chugach Electric Association, Inc.

P.O. Box 196300 Anchorage, Alaska 99519-6300

RCA NO.: 8 103rd Revision Sheet No. 95.5

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102nd Revision Sheet No. 95.5**RECEIVED****SEP 17 2021**STATE OF ALASKA
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Chugach Electric Association, Inc.

SUMMARY OF ACTUAL AND PROJECTED COST OF POWER POST ACQUISITION

Description	Actual - Quarter Ended March 2021			Projected - Quarter Ended September 2021		
	Volume ¹	Unit Cost	Total Cost	Volume	Unit Cost	Total Cost
Fuel Expense						
BRU	1,381,679	\$2.73	\$3,771,984	1,325,432	\$3.39	\$4,493,214
AIX Energy, LLC (4/2016-3/2024)	----	\$0.00	\$0	----	\$0.00	\$0
Hilcorp Alaska, LLC - Firm (1/2015-3/2028)	1,523,533	\$7.49	\$11,411,260	1,772,999	\$7.55	\$13,386,143
Hilcorp Alaska, LLC - Non-Firm (2/2021-8/2021)	93,700	\$7.85	\$735,548	----	\$0.00	\$0
Cook Inlet Energy (2014-3/2023)	----	\$0.00	\$0	----	\$0.00	\$0
Furie (11/2021 - 3/2023)	90,418	\$7.85	\$671,570	----	\$0.00	\$0 D, N
CINGSA - FSS, ISS and Fees	----	\$0.00	\$818,251	----	\$0.00	\$1,282,062
CINGSA - Gas Withdrawn	580,459	\$7.46	\$4,329,283	----	\$0.00	\$0
Emergency Generator and Diesel Fuel	----	----	\$855	----	----	\$0
Gas Transportation and Compression	----	----	\$1,689,280	----	----	\$2,079,027
Adjustment	8,875	\$7.48	\$66,419	----	\$0.00	\$0
Subtotal	3,678,664	\$6.39	\$23,494,449	3,098,431	\$6.86	\$21,240,445
Purchased Power Expense						
Bradley Lake Purchases, MWh	64,097	\$45.75	\$2,932,379	54,600	\$35.64	\$1,945,869
FIW Renewable Resource Exp.	12,984	\$97.11	\$1,260,876	7,824	\$97.00	\$758,952
Non-Utility Generation	47	\$89.84	\$4,259	----	\$0.00	\$0
Other Purchases, MWh	----	----	\$96,401	----	----	\$124,011
Subtotal	77,129	\$55.67	\$4,293,915	62,425	\$45.32	\$2,828,832
Total Fuel & Purch. Power Expense	----	----	\$27,788,364	----	----	\$24,069,277

¹ Fuel volumes from invoices.

Tariff Advice No: 511-8

Issued by:

Effective: November 1, 2021

Chugach Electric Association, Inc.
P.O. Box 196300 Anchorage, Alaska 99519-6300

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STATE OF ALASKA
REGULATORY COMMISSION OF ALASKA

GAS SALE AND PURCHASE AGREEMENT

BETWEEN

FURIE OPERATING ALASKA, LLC

AND

CHUGACH ELECTRIC ASSOCIATION, INC.

Effective Date: July 1, 2021

Termination Date: March 31, 2023

INTERRUPTIBLE GAS SALE AND PURCHASE AGREEMENT

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INTERRUPTIBLE GAS SALE AND PURCHASE AGREEMENT

This GAS SALE AND PURCHASE AGREEMENT ("Agreement") is made by Furie Operating Alaska, LLC ("Seller"), and Chugach Electric Association, Inc. ("Buyer"), an Alaska non-profit electrical cooperative corporation, collectively referred to as "Parties" and individually as "Party," dated as of July 1, 2021 (the "Effective Date").

RECITALS

- A. Seller owns, controls, or has the right to dispose of Natural Gas produced from lands located in the Cook Inlet region of Alaska;
- C. The purpose of this Agreement is to facilitate the sale of Gas by Seller to Buyer on an interruptible or firm basis at times when Buyer has a need for Gas outside of the supply Buyer can acquire or may desire under other Gas sales agreements to which Buyer may be a party;
- E. Buyer may desire to purchase Natural Gas for the purpose of handling short-term extraordinary Gas supply needs of Buyer. However, it may be that Buyer will have no need or very little need to purchase Gas under this Agreement.
- F. Seller may or may not have Gas available for sale when called upon by Buyer under this Agreement. The availability of Gas depends upon many factors including without limitation Gas needed for the operation of oil and gas fields and facilities, commitments made to other buyers, Gas needed to fill or refill Gas storage, Gas needed to fill decreases in supply due to sudden or unanticipated events and Gas needed as a cushion to mitigate the risk of Seller not being able to meet the needs listed above.
- G. Because Seller's desire or ability to continue to deliver under this Agreement and Buyer's desire or need to continue to take under this Agreement may change at any time, any commitment made under any Transaction Confirmation shall be wholly Interruptible by either Party for any reason or no reason *unless* such transaction is designated in a written Transaction Confirmation executed by the Parties as being a Firm transaction.
- H. If and when Gas is bought and sold under this Agreement, Seller and Buyer adopt the terms and conditions set forth herein to govern such Transactions.

AGREEMENT**1. DEFINITIONS & INTERPRETATION.****1.1 Definitions.** The following definitions apply to this Agreement:

"ACH" has the meaning set forth in Section 8.2.

“Agreement” has the meaning set forth in the Preamble.

“Business Day” means a Day on which Buyer’s offices at 5601 Electron Drive, Anchorage, Alaska, are open for retail business.

“Buyer” has the meaning set forth in the Preamble.

“Claim” means any claim, liability, loss, demand, damages, lien, cause of action of any kind, obligation, costs, royalty, fees, assessments, penalties, fines, judgment, interest and award (including recoverable legal counsel fees and costs of litigation of the party asserting the Claim), whether arising by law, contract, tort, voluntary settlement or otherwise.

“Continuous Rate” means a continuous rate of Gas delivery without significant deviation, which rate shall be calculated by dividing the volume per day by 24 hours. For example, a rate of 3 MMcfpd will be delivered at a Continuous Rate of approximately 125 Mcf per hour without significant deviation.

“Cover Standard” means that if there is an unexcused failure to deliver or to receive any quantity of Gas that is sold and purchased under a Firm Transaction, then the non-failing Party shall use commercially reasonable efforts to: (A) if Buyer is the non-failing Party, obtain equivalent quantities of Gas from a third party (or an alternate fuel, or alternate electricity, in either case as elected by Buyer when replacement Gas is not available), or (B) if Seller is the non-failing Party, sell Gas to a third party, and in case of either (A) or (B) above, at a price reasonable for the delivery or production area, as applicable, consistent with: (1) the amount of notice provided by the non-performing Party; (2) the immediacy of the Buyer’s Gas consumption needs or Seller’s Gas sales requirements, as applicable; (3) the quantities of Gas involved; and (4) the anticipated length of failure by the non-performing Party.

“CPR” has the meaning set forth in Section 17.5.

“CPR Rules” has the meaning set forth in Section 17.5.

“Daily Quantity” has the meaning set forth in Section 2.3.

“Day” means a 24-hour calendar day.

“Daily Quantity of Gas” is defined in Section 2.3.

“Delivery Point” has the meaning set forth in Section 3.1.

“Dispute” means any dispute or controversy between the Parties arising out of this Agreement including a Claim under this Agreement and any dispute or controversy

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regarding the existence, construction, validity, interpretation, enforceability, or breach of this Agreement.

“Effective Date” has the meaning set forth in the Preamble.

“Excess Royalties” means royalties (including interest and penalties thereon) in excess of those payable on the sale of the gas at the Sales Price due to a value attributed to the Gas under the applicable oil and gas lease which is higher than the contract price. “Excess Royalties” do not include royalties, interest or penalties thereon which are determined after audit to be due on the sale of the Gas at the Sales Price.

“Excess Taxes” means taxes (including interest and penalties thereon) in excess of those payable under tax law as of the Effective Date, on the production or severance of the Gas or the sale of Gas at the Sales Price. “Excess Taxes” do not include taxes, interest or penalties thereon which are determined after audit to be due under tax law as of the Effective Date, on the production or severance of the Gas or the sale of the Gas at the Sales Price.

“Field Operations Gas” means Gas that Seller determines, in its reasonable discretion, is necessary for Seller’s use only for its gas field and gas facilities’ operations and maintenance, gas processing, gas dehydration, gas treatment and similar field and facility uses.

“Financing Agreements” means the financing documents entered into by Seller and the Financing Parties.

“Financing Parties” means any and all debt or equity financing parties providing interim, construction or long-term financing or any refinancing of the Project (or any portion thereof) and any collateral agent, trustee or other agent acting on their behalf, together with their respective successors and assigns. As of the date hereof, the Financing Parties are (i) the Alaska Industrial Development and Export Authority under that certain Loan Agreement dated June 30, 2020 by and among Seller, Cornucopia Oil & Gas Company, LLC, Corsair Oil & Gas LLC and HEX Cook Inlet LLC, as borrowers, and the Alaska Industrial Development and Export Authority, as lender; and (ii) Energy Capital Partners Mezzanine Opportunities Fund A, LP, as administrative agent and collateral agent (together with its successors, assigns and designees, the “ECP Administrative Agent”) for the lenders under that certain Second Credit Agreement, dated as of June 30, 2020 (as same has been amended, and as may be further amended, amended and restated, modified and supplemented from time to time), by and among the Seller, Cornucopia Oil & Gas Company, LLC, Corsair Oil & Gas LLC, and the lender party thereto (together with its successors and assigns, the “Lenders”) and the ECP Administrative Agent and the Lenders.

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“Firm” means that a Party’s delivery and sale or receipt and purchase of Gas, as applicable, may be interrupted or excused without liability to the other Party hereunder *only* to the extent that such performance is prevented by an event of Force Majeure, a CINGSA outage described in Section 14, or is otherwise specifically excused by the terms of this Agreement.

“Firm Transaction” means a transaction that is designated by the Parties as being Firm in an executed Transaction Confirmation.

“Force Majeure” has the meaning set forth in Section 10.2.

“Force Majeure Event” has the meaning set forth in Section 10.1.

“Gas” or “Natural Gas” means any mixture of hydrocarbons or of hydrocarbons and noncombustible gases, in a gaseous state consisting primarily of methane and meeting the quality specifications of Section 6.1.

“Furie Operating Alaska, LLC” has the meaning set forth in the Preamble.

“Interrupt,” “Interruptible” or “Interruption” shall mean, (a) in the case of Seller’s obligations, Seller’s reduction or cessation of the delivery of Gas when Seller in its sole and unfettered discretion elects to reduce or cease deliveries for any reason or no reason, and (b) in the case of Buyer’s obligations, Buyer’s reduction or cessation of the purchase of Gas when Buyer in its sole and unfettered discretion elects to reduce or cease purchases for any reason or no reason.

“Interruptible Transaction” means a transaction that is designated by the Parties as being Interruptible in an executed Transaction Confirmation.

“Mcf,” “MMcf” and “Bcf” mean thousand standard cubic feet, million standard cubic feet, and billion standard cubic feet, respectively. Standard conditions will be at 14.65 psia pressure, and 60 degrees Fahrenheit temperature.

“MMcfpd” means MMcf delivered at a Continuous Rate for 24 hours during a Day.

“Operational Notice” means a written confirmation from one Party to the other Party concerning the volumes of Gas accepted and to be delivered or a notice of Force Majeure as provided in Section 10.

“Other Costs” means any costs other than Excess Royalties, Excess Taxes and Transportation Costs incurred by Seller to deliver Gas to Buyer at the Delivery Points, including without limitation costs incurred for Gas dehydration, Gas treatment to meet pipeline compression or other specifications, or facilities operations and maintenance.

“Sales Price” has the meaning set forth in Section 7.1.

“Seller” has the meaning set forth in the preamble.

“Seller’s Existing Commitments” means Seller’s obligations to sell volumes of Gas pursuant to that certain Gas Sales Agreement between Seller and Alaska Pipeline Company dated February 26, 2016, as amended.

“Term” has the meaning set forth in Section 4.

“Termination Date” means March 31, 2023.

“Transaction Confirmation” means an individual agreement to sell and purchase Gas reached by the Parties pursuant to Section 2 utilizing the form shown in Exhibit B.

“Transportation Costs” means charges imposed to move Gas sold under this Agreement on pipeline carrier or public utility pipelines pursuant to RCA-approved tariff rates and conditions, including in-kind fuel charges for lost and unaccounted for Gas and fuel Gas.

1.2 Principles of Construction. In this Agreement, unless the context otherwise requires:

- (A) This Agreement is the entire agreement between the Parties respecting the subject matter thereof.
- (B) Headings and the rendering of text in bold and/or italics are for convenience only and do not affect the interpretation of this Agreement.
- (C) Words importing the singular include the plural and vice versa and the masculine, feminine and neuter genders include all genders.
- (D) The words “hereof”, “herein”, and “hereunder” and words of similar import shall refer to this Agreement as a whole and not to any particular provision of this Agreement.
- (E) A reference to a Section, paragraph, clause, Party, Exhibit or Schedule is a reference to that Section, paragraph, clause of, or that Party, Exhibit or Schedule to, this Agreement unless otherwise specified, and in the event of a conflict, the provisions of the main body of this Agreement shall prevail over the provisions of any Exhibit or Schedule.
- (F) A reference to this Agreement shall mean this Agreement including any amendment or supplement to, or replacement, novation or modification of this Agreement, but disregarding any amendment, supplement, replacement, novation or modification made in breach of this Agreement.

- (G) A reference to a Person includes that Person's successors and permitted assigns.
- (H) The term "including" means "including without limitation" and any list of examples following such term shall in no way restrict or limit the generality of the work or provision in respect of which such examples are provided.
- (I) References to any statute, code or statutory provision are to be construed as a reference to the same as it may have been, or may from time to time be, amended, modified or reenacted, and include references to all bylaws, instruments, orders and regulations for the time being made thereunder or deriving validity therefrom.
- (J) Each Party acknowledges and agrees that it has participated in the drafting of this Agreement and has had the opportunity to consult with legal counsel and any other advisors of its choice to its satisfaction regarding the terms and provisions of this Agreement and the results thereof. As a result, the rule of construction that an agreement be construed against the drafter will not be asserted or applied to this Agreement.
- (K) All accounting terms not specifically defined herein shall be construed in accordance with GAAP.
- (L) In the event of a conflict, a mathematical formula describing a concept or defining a term shall prevail over words describing a concept or defining a term.
- (M) References to any amount of money shall mean a reference to the amount in US Dollars.
- (N) The expression "and/or" when used as a conjunction shall connote "any or all of".
- (O) Words, phrases or expressions which are not defined herein and which have a generally accepted meaning in the industry which is the subject of this Agreement shall have that meaning in this Agreement.
- (P) A waiver by either Party of any breach of the covenants and conditions to be performed under this Agreement by the other Party shall not be construed as a waiver of any succeeding breach of the same or any other covenant or condition.
- (Q) Except as otherwise expressly provided in this Agreement, no amendments to or modifications of this Agreement shall be valid unless they are in writing and signed by the Parties.

1.3 Exhibits.

- (A) All of the Exhibits that are attached to the body of this Agreement are an integral part of this Agreement and are incorporated by reference into this Agreement, including:
 - (1) Exhibit A – Delivery Points
 - (2) Exhibit B – Form for Transaction Confirmation of Interruptible Gas Sale
- (B) If a conflict exists between the body of this Agreement and the Exhibits, the body prevails to the extent of the conflict.

2. GAS SALES.

- 2.1 Gas Sale and Purchase Process.** Subject to all of the terms and conditions of this Agreement, at any time during the Term, Buyer shall notify Seller of its request to purchase Gas under this Agreement. Seller shall promptly respond to the request indicating what Gas, if any, it will make available to Buyer. If both Parties agree to a Transaction, they shall memorialize the agreement with a Transaction Confirmation as provided in Section 2.5. All Transactions are subject to the following rules:
 - (A) Buyer may not resell Gas purchased under this Agreement for LNG export to foreign nations, nor may Buyer resell Gas purchased under this Agreement to a third party for resale for LNG export to foreign nations.
 - (B) Buyer may not use Gas purchased under this Agreement for the purpose of arbitration.
- 2.2 Commitment.** The obligations of Buyer to buy, and Seller to sell, Gas under this Agreement, and under any individual Transaction Confirmation to sell and purchase reached under Section 2.1, are fully Interruptible at any time by either party for any or no reason *unless* such transaction is designated in a written Transaction Confirmation executed by the Parties as being a Firm Transaction.
- 2.3 Daily Quantity.** Seller shall deliver to Buyer the Daily Quantity of Gas at the rate and for the duration mutually agreed by the parties pursuant to Section 2.1.
- 2.4 Communication.** Buyer and Seller understand that this Agreement may require frequent communication and cooperation for proper scheduling and delivery of Gas. The acting Party will provide timely notice to the other Party when (i) Buyer changes its receipt rate, (ii) Seller Interrupts deliveries or Buyer Interrupts receipts, or (iii) either Buyer or Seller incurs a Force Majeure Event under Section 10 below.

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2.5 Transaction Confirmation. All notices made pursuant to this Section 2 will be given as Operational Notices. The Parties will document each transaction in the form set forth in Exhibit B, setting forth the commencement and termination of all sales and purchases of Gas, the Continuous Rate, the Delivery Point, and the Sales Price for that transaction period.

2.6 Nature of Gas Deliveries. The primary purpose of this Agreement is to facilitate the delivery of Gas from Seller to Buyer on relatively short notice, on a firm or interruptible basis, when such Gas is required to meet the short-term Gas needs of the Buyer.

3. DELIVERY POINT; TITLE; LIABILITY AND RISK OF LOSS.

3.1 Delivery Points. Unless otherwise agreed between the Parties, the authorized Delivery Points are set forth in Exhibit A.

3.2 Title. Title to all Gas delivered by Seller and received by Buyer will pass at the Delivery Point. All liability and risk associated with the Gas will follow title.

4. TERM AND TERMINATION.

4.1 Effective Date. Subject to the provisions of Section 4.2, the term of this Agreement begins on the Effective Date and, unless earlier terminated under Section 4.2, terminates on March 31, 2023 (the "Term").

4.2 RCA Approval. Notwithstanding Section 4.1, the following events shall be conditions precedent to any obligation of the Parties hereunder:

- (A) Approval of this Agreement shall have been received from Buyer's Board of Directors;
- (B) Final Approval of this Agreement shall have been received from the Regulatory Commission of Alaska ("RCA"). Final Approval from the RCA will be deemed to have occurred on the date that an RCA order approving the Agreement without conditions or modifications unacceptable to the Parties is no longer subject to further reconsideration or appeal.
- (C) If (a) Final Approval from the RCA is not received within six (6) months of the date Buyer files the Agreement with the RCA for approval, or (b) Final RCA Approval is denied (including by imposition of condition(s) or modification(s) unacceptable to either Party), then this Agreement may be terminated by either Party, effective on the date of written notice to the other Party.

5. MEASUREMENT.

The American Gas Association measurement standards in effect on the date of delivery will apply to all Gas delivered under this Agreement.

6. QUALITY.

Seller warrants that Natural Gas delivered to the Delivery Point will be of a pressure, condition, and quality to meet the standard requirements of the receiving pipeline system.

7. SALES PRICE.

7.1 Sales Price. The Sales Price for all Gas purchased and sold hereunder shall be negotiated by the Parties and may vary by Transaction Confirmation.

7.2 Costs Allocated to Seller. Seller is responsible for the following costs relating to Gas sold under this Agreement:

- (A) Gas development, production, separation, dehydration and other processing;
- (B) Facility construction, operation and maintenance;
- (C) Gas gathering, treatment and compression necessary to meet pipeline specifications and pressures;
- (D) Costs other than Transportation Costs to move the gas to the Delivery Point;
- (E) Lessor royalties, overriding royalties, production payments and other payments of any kind (other than taxes) due to third parties upon the production and sale of the Gas at the Sales Price, but not including Excess Royalties; and
- (E) Severance and/or production taxes at the tax rates and under the laws and rules in place on the Effective Date, but not including Excess Taxes.

7.3 Costs Allocated to Buyer: Buyer is responsible for the following costs relating to Gas sold under this Agreement:

- (A) Transportation Costs to, at, from and after delivery at the Delivery Point, including reimbursement of Transportation Costs paid initially by Seller;
- (B) Storage, facilities, equipment, operations, and maintenance costs after delivery at the Delivery Point;
- (C) Taxes imposed on the Gas or Buyer's operations after the Delivery Point;

(D) Excess Royalties; and

(E) Excess Taxes.

7.4 Valuation of State's Royalty Share: Seller shall be responsible for the payment of all royalties, and any fees, penalties and assessments attributable to the royalties, on Gas delivered under this Agreement, provided that the Alaska Department of Natural Resources ("ADNR") agrees that the price paid under this Agreement is the value of the State of Alaska's royalty share of productions under AS 38.05.180(aa) and (bb) (with the exception of production covered by a royalty settlement agreement). The Parties shall act in a timely manner and work together to obtain acceptance by the ADNR of the price paid under this Agreement as the value of the State of Alaska's royalty share of production under AS 38.05.180(aa) and (bb) (with the exception of production covered by a royalty settlement agreement).

8. INVOICING.

8.1 Statement. By the fifteen (15th) Day of each Month, Seller shall give Buyer an invoice showing the following for the previous Month:

- (A) the charge for the Gas sold and delivered and purchased and received under this Agreement times the agreed sales price;
- (B) the costs allocated to Buyer;
- (C) any interest due pursuant to Section 8.4;
- (D) any corrections for the previous or prior Months; and
- (E) the total amount due from Buyer to Seller.

8.2 Payment.

- (A) Buyer shall make payment to Seller within ten (10) Days of when the Buyer receives an invoice by Automated Clearing House ("ACH") or wire transfer to the account of Seller set out below.

To be provided via separate confidential transmittal.

- (B) Upon thirty (30) days' written notice to Buyer, Seller may designate a different financial institution or account to which Buyer will thereafter make payments.

8.3 Remedies for Non-Payment. If Buyer fails to pay undisputed amounts to Seller for Gas within thirty (30) days after the invoice is received, Seller will have the

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right to Interrupt deliveries under this Agreement without notice to Buyer until payment (and interest under Section 8.4 below) is received, which Interruption right will not prejudice Seller's rights to collect any sums due Seller (including interest under Section 8.4 below) for Gas previously delivered to Buyer hereunder.

- 8.4 Interest.** Pending resolution of a billing dispute, if payment is not made within 30 days of invoice receipt, the unpaid balance shall bear interest, compounded monthly, at the prime rate in effect at Chase Manhattan Bank, New York plus 1% on the first day of each month, or the maximum contract rate permitted by law, whichever is less, plus attorney's fee, court costs, and other costs in connection with the collection of unpaid amounts.

9. WARRANTY OF TITLE.

Seller warrants title at the Delivery Point to all Gas delivered to Buyer hereunder and Seller's right to deliver the same, and agrees to hold Buyer harmless from, and indemnify it against, any and all loss, damage, cost, expense, or liability of whatsoever kind arising out of Claims of third persons with respect to the title to such Gas, including costs, expenses, and reasonable attorney's fees incurred by Buyer in defending against any such Claims.

10. FORCE MAJEURE.

- 10.1 Force Majeure Event.** In the event either Party is rendered unable wholly or in part by Force Majeure to carry out its obligations under this Agreement ("Force Majeure Event"), the obligation of such Party, insofar as fulfillment of the obligation is affected by such Force Majeure, will be suspended during the continuance of any inability so caused, but for no longer period, and such cause will, insofar as possible, be remedied with reasonable dispatch.

- 10.2 Force Majeure Defined.** The term "Force Majeure," as used herein, means acts of God, natural disasters and catastrophes (including, without limitation, fire, lightning, landslide, earthquake, volcano activity, storm, hurricane, hurricane warning, flood, tsunami, high water, or explosion); acts of the public enemy, war, strikes, lockouts or industrial disputes or disturbances, civil disturbances; breakage or accident to machinery or lines of pipes, partial or total failure, curtailment or unavailability of a Gas well or gathering line, Seller's Facilities, a Gas storage facility (including, without limitation, CINGSA) or any facilities for the transmission of electricity; acts or omissions of public bodies or officers acting under claims of authority; or any other cause, whether or not similar to the foregoing, that is beyond the reasonable control of and could not have been prevented by the affected Party with reasonable foresight, at reasonable cost, and by the exercise of reasonable diligence in good faith, and is not attributable to the gross negligence or willful misconduct of the affected Party, but only to the extent any such incident wholly or partially prevents or hinders the affected Party from performing its obligations under this Agreement or any Transaction Confirmation.

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Settlement of strikes, lockouts, or other labor disputes will be entirely within the discretion of the Party having the difficulty and the above requirements that any Force Majeure event must be remedied with all reasonable dispatch do not require the Party experiencing strikes, lockouts, or other labor disputes to accede to any demand of opposing persons when such course is inadvisable in the sole discretion of that Party. "Force Majeure" does not include any of the following events or circumstances: (a) lack of funds, (b) financial hardship or the inability of a Party to make a profit or achieve a satisfactory rate of return from the sale, purchase or consumption of the obligation to pay money due under this Agreement is unaffected by Force Majeure.

- 10.3 Notices.** A Party experiencing a Force Majeure Event will notify the other Party by Operational Notice of the nature, extent and estimated duration of the Force Majeure Event as soon as reasonably possible but in no event more than twenty-four (24) hours after becoming aware of the occurrence of the event. The Party experiencing the Force Majeure Event will update the other Party on a reasonably frequent basis but in no event less than once every five (5) days thereafter by Operational Notice.

11. NO PUBLIC UTILITY.

Seller is not a public utility and nothing contained herein will be deemed as a dedication to the public of the Natural Gas, or any land, wells, pipelines, or other facilities, or any part thereof.

12. INDEMNIFICATION.

- 12.1** Each Party will protect, defend, indemnify and hold harmless the other from any and all liability and expense on account of all Claims, including for damages to and destruction of property, injury to and death of persons, arising from any act or accident including a failure to act, as to which and to the extent that the indemnifying Party was at fault (whether through negligence, willful misconduct, strict liability or other legal theory) in connection with the installation, presence, maintenance, and operation of property, equipment, and facilities of the indemnifying Party used in connection with or associated with the Gas delivered hereunder. This duty to protect, defend, indemnify, and hold harmless will survive the expiration or termination of this Agreement.

- 12.2** Nothing in this Section 12 shall add to, detract from or otherwise modify the provisions of this Agreement concerning the failure or refusal of Seller to deliver Gas or the failure or refusal of Buyer to receive Gas under Section 13 of this Agreement.

13. COVER DAMAGES; EXCUSED FAILURES; LIMITATION OF LIABILITY

13.1 Interruptible Transactions.

- (A) Except as provided in Section 13.1(B), under no circumstances shall either Party have any liability to the other Party for any Interruption of deliveries of Gas under an Interruptible Transaction.
- (B) For any charges, fees or penalties (including imbalance penalties) incurred by either Party under the tariff of the pipeline transporting Gas to or from and after the Delivery Point(s), Buyer shall be responsible for any such penalties that are due to Buyer's fault, negligence, Interruption or change in receipts (including any imbalances created as a result of Buyer taking more or less than the amount of Gas nominated and confirmed by Seller), and Seller shall be responsible for any such penalties that are due to Seller's fault, negligence, Interruption or changes in deliveries (including, but not limited to, any imbalances created as a result of Seller delivering more or less than the amount of Gas nominated by Buyer and confirmed by Seller).

13.2 Firm Transactions.

- (A) Buyer's sole remedy for Seller's failure to deliver Gas that Seller is obligated to deliver under a Firm Transaction is that Seller shall pay to Buyer: (i) all reasonable costs actually incurred by Buyer, utilizing the Cover Standard, to purchase and transport the amount of Gas (or, if Gas is not reasonably available, to produce and transmit and/or receive an equivalent amount of electric power) necessary to cover the shortfall; minus (ii) the cost, if less, that would have been incurred by Buyer if Buyer had purchased such Gas (or Gas equivalent) under the Firm Transaction.
- (B) Notwithstanding Section 13.2(A), in the event Buyer withdraws any Gas stored by it or on its behalf at CINGSA (or any other Gas storage facility) in order to address any Seller failure to deliver Gas under a Firm Transaction, Seller shall pay to Buyer, as and when invoiced by Buyer, an amount equal to: (i) all costs to withdraw and transport such replacement Gas to the applicable Delivery Point; plus (ii) all reasonable costs incurred by Buyer to purchase Gas as necessary to replace such volumes of Gas withdrawn from storage by Buyer; plus (iii) all costs to transport and inject such Gas into CINGSA (or any other Gas storage facility). Buyer shall provide to Seller all information necessary to calculate amounts due from Seller to Buyer as soon as practicable after acquiring replacement Gas. Before Buyer withdraws any Gas from CINGSA, it shall use commercially reasonable efforts to give Seller twenty four (24) hours written notice that it intends to withdraw such Gas together with the amount of Gas to be withdrawn and an estimate of the costs of withdrawal and transport of such Gas; *provided that*, Buyer's failure to provide such a notice shall not limit Buyer's rights pursuant to this Agreement.
- (C) Seller's sole remedy for Buyer's failure to receive and pay for any Gas to be delivered under a Firm Transaction is the payment to Seller by Buyer of

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an amount equal to the positive difference between (i) the amount that Buyer would have paid for Gas to otherwise have been delivered under the Firm Transaction and (ii) the amount, if any, received by Seller utilizing the Cover Standard in selling such Gas to a third party.

- (D) Any amount payable by either Party under this Article 13 shall be payable fifteen (15) Business Days after presentation of the non-defaulting Party's invoice, which shall set forth in reasonable detail the basis upon which such amount was calculated, and invoices for an event described in Section 13.2(C) shall be invoiced no later than ninety (90) days following each such event.
- (E) FOR BREACH OF ANY PROVISION FOR WHICH AN EXPRESS REMEDY OR MEASURE OF DAMAGES IS PROVIDED, SUCH EXPRESS REMEDY OR MEASURE OF DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY. A PARTY'S LIABILITY HEREUNDER SHALL BE LIMITED AS SET FORTH IN SUCH PROVISION, AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. IF NO REMEDY OR MEASURE OF DAMAGES IS EXPRESSLY PROVIDED HEREIN OR IN A TRANSACTION, A PARTY'S LIABILITY SHALL BE LIMITED TO DIRECT ACTUAL DAMAGES ONLY. SUCH DIRECT ACTUAL DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY, AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. UNLESS EXPRESSLY HEREIN PROVIDED, NEITHER PARTY SHALL BE LIABLE FOR CONSEQUENTIAL, INCIDENTAL, PUNITIVE, EXEMPLARY, OR INDIRECT DAMAGES, LOST PROFITS OR OTHER BUSINESS INTERRUPTION DAMAGES, BY STATUTE, IN TORT OR CONTRACT, UNDER ANY INDEMNITY PROVISION OR OTHERWISE. IT IS THE INTENT OF THE PARTIES THAT THE LIMITATIONS HEREIN IMPOSED ON REMEDIES AND THE MEASURE OF DAMAGES BE WITHOUT REGARD TO THE CAUSE OR CAUSES RELATED THERETO, INCLUDING THE NEGLIGENCE OF ANY PARTY, WHETHER SUCH NEGLIGENCE BE SOLE, JOINT OR CONCURRENT, OR ACTIVE OR PASSIVE, EXCEPT THAT NO PARTY SHALL BE LIABLE, UNDER THE INDEMNITY PROVISIONS OF THIS AGREEMENT OR OTHERWISE, TO PAY ANY AMOUNT TO THE OTHER PARTY HERETO TO THE EXTENT ARISING FROM THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF THAT OTHER PARTY. TO THE EXTENT ANY DAMAGES REQUIRED TO BE PAID HEREUNDER ARE LIQUIDATED, THE PARTIES ACKNOWLEDGE THAT THE DAMAGES ARE DIFFICULT OR IMPOSSIBLE TO DETERMINE, OR OTHERWISE OBTAINING AN ADEQUATE REMEDY IS INCONVENIENT AND THE DAMAGES CALCULATED

HEREUNDER CONSTITUTE A REASONABLE APPROXIMATION
OF THE HARM OR LOSS.

- 13.3 Commitment Priorities.** Notwithstanding any other provision of this Agreement, Seller may cease or curtail deliveries without liability to Buyer to assure a sufficient supply of Field Operations Gas or solely to meet Sellers Existing Commitments.

14. SCHEDULED CINGSA OUTAGES

- 14.1** During any scheduled CINGSA outage, during which Buyer's ability to purchase and receive Gas under a Firm Transaction may be limited due to the inability of CINGSA to receive and inject Buyer's gas and which, as of the Effective Date, are anticipated to be two (2) weeklong periods each year during the Term, occurring in April and October of each year, Seller and Buyer shall work together to balance the receipt and deliveries of Gas to maximize Buyer's ability to purchase and receive Gas hereunder. Buyer will use commercially reasonable efforts to purchase and receive the maximum amount of Gas that it is able to during each such outage, provided, however, that Buyer may reduce its purchases and receipt of Gas hereunder in relation to such scheduled CINGSA outage, and neither Party shall have any liability to the other Party in relation to Gas not sold and purchased hereunder due to such reductions. Buyer shall use commercially reasonable efforts to minimize the scope and duration of such reductions. Buyer may also request that Seller sell and deliver Gas in excess of the then-applicable Firm Transaction and/or Daily Rate before, during and after any scheduled CINGSA outage and, if Seller, in its sole discretion, can operationally provide such additional Gas hereunder, then Seller shall sell and deliver and Buyer shall purchase and receive such additional Gas on a Firm basis at the then-applicable Gas Sales Price contained in the Firm Transaction Confirmation.
- 14.2** The Parties shall use commercially reasonable efforts to reschedule deliveries of Gas to be made during such CINGSA outages that are not made as a result of such outages to occur not later than thirty (30) days after the end of any such outage.

15. NOTICES

- 15.1 Regular Notices.** Except as specifically provided otherwise in Sections 2.5 and 10.3 of this Agreement, all notices and communications under this Agreement (other than Operational Notices) will be made in writing by certified mail (return receipt requested), facsimile (with confirmation by one of the other means described herein received within two (2) Business days of receipt of such facsimile), email, or by nationally recognized overnight courier. All such notices will be deemed effective (a) if mailed, on the date indicated on the returned receipt, (b) if delivered personally, when delivered, (c) if sent by email or by facsimile during the normal business hours of the recipient, on the same business day as sent, and (d) if sent by email or facsimile after the normal business hours of the recipient, on the next Business day following the date of transmission.

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Furie Operating Alaska, LLC

Attn: John Hendrix
President & CEO
433 West 9th Avenue
Anchorage, Alaska, 99501
Tel: (907) 277-3726
Email: To be provided in separate transmittal

Attn: Kevin Hemenway
Chief Financial Officer
433 West 9th Avenue
Anchorage, Alaska, 99501
Tel: (907) 277-3726
Email: To be provided in separate transmittal

Buyer

Chugach Electric Association, Inc.
Attn: Lee Thibert, CEO
Physical: 5601 Electron Drive
Anchorage, AK 99518-1074
Mailing: 5601 Electron Drive
Anchorage, AK 99518-1074
Fax: (907) 762-4514
Email: Lee_Thibert@chugachelectric.com

- 15.2 Operational Notices.** Any Operational Notice required or permitted to be given to either Party will be given by email and confirmed by telephone conversation, at the telephone numbers and email addresses set forth below (or such other telephone numbers and email addresses as the Parties may designate from time to time by written notice under Section 13.3). The Party providing an Operational Notice will attempt to contact the primary contact first. If the primary contact is unavailable to receive notice in a timely manner, the Party providing an Operational Notice will contact the alternate contact.

Seller

Furie Operating Alaska, LLC

Attn: Mark Slaughter
Director Resource Marketing & Transportation
433 West 9th Avenue

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Anchorage, Alaska, 99501
Tel: (907) 277-3726
Email: To be provided in separate transmittal

Buyer

Chugach Electric Association
5601 Electron Drive
Anchorage, AK 99518-1074

Primary Contact:
Kevin Skiba
Manager, Fuel Supply and Ops
Telephone: (907) 762-4760
Mobile: (907) 301-8200
Email: Kevin_Skiba@chugachelectric.com

- 15.3 Changes in Contact Information.** Either Party may designate address changes by formal written notice as provided in this section.

16. ASSIGNMENT.

- 16.1** Subject to Section 16.3, no Party may assign its obligations under this Agreement to any entity which is not an Affiliate of such Party without first obtaining the written consent of the other Party, which consent shall not be unreasonably withheld, conditioned or delayed. No consent shall be required: (i) if all or substantially all of the assets of a Party are acquired by another person or entity; (ii) if all or substantially all of the Alaska or Cook Inlet area assets of a Party are transferred to a wholly owned subsidiary of that Party; (iii) in the event of a merger, consolidation or reorganization of a Party with another person or entity, or (iv) in respect to any assignment to an Affiliate of the assignor. In the event of an acquisition, asset transfer, merger, reorganization, stock transfer, corporate restructuring or consolidation, the acquiring or surviving entity shall assume the obligations and benefits of this Agreement. No assignment to an Affiliate shall relieve the assignor of any liability under this Agreement. Nothing contained in this Section shall in any way prevent any Party from pledging or mortgaging its rights under the Agreement as security for its indebtedness.
- 16.2** This Agreement is binding upon and will inure to the benefit of the Parties and their respective and permitted successors and assigns.
- 16.3** Notwithstanding any provision to the contrary set forth above or elsewhere in this Agreement, Buyer agrees Seller may collaterally assign to the Financing Parties all of its right, title and interest in, to and under this Agreement, including, without limitation, all of Seller's rights to receive payment under or with respect to this

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Agreement and all payments due and to become due to it under or with respect to this Agreement, whether as contractual obligations, damages, indemnity payments or otherwise (collectively, the "Assigned Interests"). Buyer acknowledges the right of the Financing Parties in the exercise of its rights and remedies under the Financing Agreements, to make all demands, give all notices, take all actions and exercise all rights of the Seller under this Agreement. No such assignment by Seller to a Financing Party shall release Seller from or diminish Seller's liabilities and responsibilities under this Agreement, nor change or amend Buyer's rights under this Agreement.

- 16.4 Buyer agrees that, if the Financing Parties notify it that an Event of Default (as defined in the Financing Agreements) has occurred and is continuing and that the Financing Parties have elected to exercise the rights and remedies set forth in the Financing Agreements, then the Financing Parties or any other purchaser of the Assigned Interests in a judicial or non-judicial foreclosure sale (a "Substitute Seller") shall be substituted for the Seller under this Agreement. In such event, the Buyer shall recognize such Substitute Seller in its capacity as such and shall continue to perform its obligations hereunder in favor of such Substitute Seller.
- 16.5 The Financing Parties may cure any breach or default by the Seller hereunder. In the event of a default by Seller in the performance of any of its obligations hereunder, or upon the occurrence or non-occurrence of any event or condition hereunder that would immediately or with the passage of any applicable grace period or the giving of notice, or both, enable the Buyer to terminate this Agreement (in either case, a "default"), the Buyer will not terminate this Agreement until it first gives prompt written notice of such default to the Financing Parties and affords the Financing Parties a period of at least 15 days (or, if such default is a nonmonetary default, such longer period as is required so long as any such party has commenced and is diligently pursuing appropriate action to cure such default) from receipt of such notice to cure such default; provided, however, that, if possession of the Project is necessary to cure such default and the Financing Parties have commenced foreclosure proceedings, the Financing Parties will be allowed a reasonable time to complete such proceedings; provided, further, however, that, if the Financing Parties are prohibited from curing any such default by any process, stay or injunction issued by any governmental authority or pursuant to any bankruptcy or insolvency proceeding or other similar proceeding involving the Seller, then the time periods specified herein for curing a default shall be extended for the period of such prohibition.
- 16.6 The Buyer acknowledges and agrees that no Financing Party shall have any liability or obligation hereunder, nor shall the Financing Parties be obligated or required to (i) perform any of the Seller's obligations hereunder except during any period in which any Financing Party is a Substitute Seller pursuant to Section 16.4, in which case (A) the obligations of such Substitute Seller shall be no more than that of the Seller hereunder and (B) such Substitute Seller shall not be **REQUIRED TO PERFORM OR BE SUBJECT TO ANY DEFENSES OR OFFSETS BY**

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REASON OF ANY OF THE SELLER'S OBLIGATIONS HEREUNDER THAT WERE UNPERFORMED AT THE TIME SUCH SUBSTITUTE SELLER BECAME A SUBSTITUTE SELLER (OTHER THAN ANY DEFAULTS FOR FAILURE TO PAY AMOUNTS OWED HEREUNDER), OR (II) TAKE ANY ACTION TO COLLECT OR ENFORCE ANY CLAIM FOR PAYMENT ASSIGNED UNDER THE FINANCING AGREEMENT.

- 16.7** In the event that the Financing Parties transfers all of the interest held by it in this Agreement to a Substitute Seller, the Financing Parties shall, upon such transfer, be released from any and all liability hereunder.

17. GOVERNING LAW AND RESOLUTION OF DISPUTES.

- 17.1 Governing Law.** This Agreement is governed by and interpreted under the laws of the State of Alaska, without regard to its choice of law rules, except that the substantive and procedural rules of the Federal Arbitration Act, 9 U.S.C. §§ 1-16 ("the Act") shall govern this Section 17.
- 17.2 Resolution of Disputes.** The Parties shall exclusively and finally resolve any Dispute between them using direct negotiations, mediation and arbitration as set out in this Section 17. A Party who violates this Section 17 shall pay all legal and consulting fees and costs incurred by the other Party in any suit, action, or proceeding to enforce Section 17. While the procedures in this Section 17 are pending, each Party shall continue to perform its obligations under this Agreement, unless to do so would be impossible or impracticable under the circumstances.
- 17.3 Direct Negotiations.** If a Dispute arises, a Party shall initiate the resolution process by giving notice setting out in writing and in detail the issues in Dispute and the value of the Claim to the other Party. If a Party refuses to toll all applicable statutes of limitations and defenses based upon the passage of time while the proceedings in this Section 17.3 are pending, the other Party may file an arbitration proceeding under Section 17.5 in an attempt to preserve its Claim and such proceeding shall be stayed by the arbitrator or arbitrators after appointment so that the Parties may continue efforts to resolve this Dispute as set out in this Section 17. A meeting between the Parties, attended by individuals with decision-making authority, must take place within thirty days from the date the notice was sent in an attempt to resolve the Dispute through direct negotiations.
- 17.4 Mediation.** If the Dispute cannot be settled by direct negotiations within thirty days of initiation of the resolution process, either Party may initiate mediation by giving notice to the other Party. The place of mediation shall be Anchorage, Alaska.
- 17.5 Arbitration.** If the Dispute is not resolved by mediation within thirty days from the date of the notice requiring mediation, or if the Dispute is unresolved within sixty days from the date of the notice requiring direct negotiations, then the Dispute shall be finally settled by binding arbitration and either Party may initiate such

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arbitration by giving notice to the other Party. The arbitration shall be conducted in accordance with The International Institute for Conflict Prevention & Resolution ("CPR") Rules for Non-Administered Arbitration ("CPR Rules"), except to the extent of conflicts between the CPR Rules at present in force and the provisions of this Agreement, in which event the provisions of this Agreement prevail. The CPR is the appointing authority. The place of arbitration shall be Anchorage, Alaska.

17.6 Procedure. The following provisions shall apply to any arbitration proceedings commenced pursuant to Section 17.5:

- (A) The number of arbitrators shall be one if the monetary value of the Dispute is US \$5,000,000 or less. The number of arbitrators shall be three if the monetary value is greater than US \$5,000,000.
- (B) The arbitrator or arbitrators must remain neutral, impartial and independent regarding the Dispute and the Parties. If the number of arbitrators to be appointed is one, that arbitrator, or the presiding arbitrator if the arbitrators are three, must be a lawyer experienced in the resolution of disputes with experience relating to the issues in dispute.
- (C) The Parties waive any Claim for, and the arbitrator has or arbitrators have no power to award, incidental, consequential, punitive or exemplary damages. The arbitrator has or arbitrators have no authority to appoint or retain expert witnesses for any purpose unless agreed to by the Parties. The arbitrator has or arbitrators have the power to rule on objections concerning jurisdiction, including the existence or validity of this arbitration clause and existence or the validity of this Agreement.
- (D) All arbitration fees and costs shall be borne equally regardless of which Party prevails. Each Party shall bear its own costs of legal representation and witness expenses.
- (E) The arbitrator is or arbitrators are authorized to take any interim measures as the arbitrator considers or arbitrators consider necessary, including the making of interim orders or awards or partial final awards. An interim order or award may be enforced in the same manner as a final award using the procedures specified below. Further, the arbitrator is or arbitrators are authorized to make pre- or post-award interest at the interest rate specified in Section 8.4.
- (F) The arbitrator or arbitrators must render a reasoned award in writing. This award shall be based upon a decision which must detail the findings of fact and conclusions of law on which it rests. The award is final and binding.

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- (G) The Dispute will be resolved as quickly as possible. The arbitrator's or arbitrators' award must be issued within three months from completion of the hearing, or as soon as possible thereafter.

17.7 Enforceability.

- (A) The Parties waive irrevocably their right to any form of appeal, review or recourse to any court or other judicial authority, to the extent that such waiver may be validly made.
- (B) Except for proceedings to preserve property pending determination by the arbitrator or arbitrators or to enforce an award, the mandatory exclusive venue for any judicial proceeding permitted in this Agreement is Anchorage, Alaska. The Parties consent to the jurisdiction of the state and federal courts in Anchorage, Alaska, and waive any defenses they have regarding jurisdiction.
- (C) Proceedings to enforce judgment entered on an award may be brought in any court having jurisdiction over the person or assets of the non-prevailing Party. The prevailing Party may seek, in any court having jurisdiction, judicial recognition of the award, or order of enforcement or any other order or decree that is necessary to give full effect to the award.

17.8 Confidentiality.

- (A) The Parties agree that any Dispute and any negotiations, mediation and arbitration proceedings between the Parties in relation to any Dispute shall be confidential and will not be disclosed to any third party.
- (B) The Parties further agree that any information, documents or materials produced for the purposes of, or used in, negotiations, mediation or arbitration of any Dispute shall be confidential and will not be disclosed to any third party.
- (C) Without prejudice to the foregoing, the Parties agree that disclosure may be made:
 - (1) In order to enforce any of the provisions of this Agreement including without limitation, the agreement to arbitrate, any arbitration order or award and any court judgment.
 - (2) To the auditors, legal advisers, insurers and affiliates of that Party to whom the confidentiality obligations set out in this Agreement shall extend.

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- (3) Where that Party is under a legal or regulatory obligation to make such disclosure, but limited to the extent of that legal obligation.
- (4) With the prior written consent of the other Party.
- (D) The Parties agree to submit to the jurisdiction of the state and federal courts in Anchorage, Alaska, for the purposes of any proceedings to enforce this Section 17.8.

18. MISCELLANEOUS

- 18.1 Authority.** Each Party covenants to each other Party that it has the legal authority to enter into and perform this Agreement and each obligation assumed by such Party under this Agreement.
- 18.2 Complete Agreement.** This Agreement is the entire and complete agreement between the Parties regarding the sale of Gas as described herein. Any prior agreements or understandings, oral or written, are superseded and replaced by this Agreement. This Agreement may not be amended except in a writing duly executed by the Parties.
- 18.3 Further Assurances.** The Parties shall at their own cost and expense execute and deliver such further documents and instruments and shall take such other actions as may be reasonably required or appropriate to evidence or perform the intent and purposes of this Agreement or to show the ability to perform the intent and purposes of this Agreement.
- 18.4 No Duty to Third Parties.** This Agreement is made for the sole benefit of the Parties and their respective successors and assigns. The Parties do not intend to create, and this Agreement will not be construed to create, by implication or otherwise, any rights in any other person or entity not a Party to this Agreement, and no such person or entity will have any rights or remedies under or by reason of this Agreement, or any right to the exercise of any right or power hereunder or arising from any default hereunder.
- 18.5 No Partnership.** The execution and performance of this Agreement is not intended by the Parties to create and will not be construed to create any partnership or business association between the Parties.
- 18.6 Right to Examine Books and Records.** Each Party to this Agreement, at its sole expense, will have the right to audit the books and records of the other Party relating to performance of this Agreement. All audits will be conducted in accordance with professional auditing standards and during normal business hours. The audited Party will fully cooperate with the auditing Party to accomplish the audit as expeditiously as possible. Each Party's right to audit will remain in effect until two (2) years after termination or expiration of this Agreement.

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- 18.7 Conflicts of Interest.** Each Party represents and warrants to the other Party that said Party or its subcontractors, and its and their owners, shareholders, partners, directors, offices, employees or other agents have neither paid, agreed to pay, nor will pay, any sums, kickbacks, or other such consideration to any owners, shareholders, partners, directors, offices, employees or other agent of the other Party, or to any third party in connection with this Agreement, nor has any such payment or agreement for payment been requested or solicited by any such owners, shareholders, partners, directors, offices, employees or other agents.
- 18.8 Binding Nature; Successors and Assigns; Assignment.** This Agreement shall be binding upon and inure to the benefit of the successors, assigns, personal representatives, and heirs of the respective Parties hereto, and the covenants, conditions, rights and obligations of this Agreement shall run for the full term of this Agreement. This Agreement is assignable only with the prior written consent of the other Party, which consent will not be unreasonably withheld. No assignment for which written consent has been received will be effective until the assignee agrees in writing to assume and fully perform the terms of this Agreement.
- 18.9 Counterparts.** This Agreement may be executed by the Parties in any number of counterparts and on separate counterparts, including electronic transmittals, each of which when so executed will be deemed an original, but all such counterparts, when taken together, will constitute but one and the same Agreement. In the event one Party executes the Agreement, and the other Party does not execute the Agreement within ten (10) days of the first Party's execution, the execution of the Agreement by the first Party will be deemed null and void.

IN WITNESS WHEREOF, the Parties have executed this Agreement effective as of the date set forth in the preamble.

IMPORTANT NOTICE: THIS AGREEMENT CONTAINS PROVISIONS REGARDING INDEMNITIES AND WARRANTIES THAT EXPRESS THE AGREEMENT OF THE PARTIES CONCERNING CLAIMS ARISING OUT OF THIS AGREEMENT.

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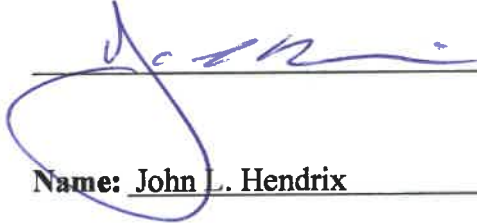
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FURIE OPERATING ALASKA, LLC

**CHUGACH ELECTRIC ASSOCIATION,
INC.**

Signature:



Name: John L. Hendrix

Title: President & CEO

Date: 8-16-21

Signature:



Name: Lee D. Thibert

Title: CEO

Date: 6/24/2021